

COMMONWEALTH OF KENTUCKY  
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of

THE APPLICATION OF BLUE GRASS RURAL )  
ELECTRIC COOPERATIVE CORPORATION FOR )  
CERTIFICATE OF PUBLIC CONVENIENCE AND )  
NECESSITY TO EXECUTE ITS NOTE TO THE )  
UNITED STATES OF AMERICA IN THE AMOUNT )  
OF \$1,815,000.00 AND TO EXECUTE ITS ) CASE NO. 7863  
NOTE TO NATIONAL RURAL UTILITIES )  
FINANCE CORPORATION IN THE AMOUNT OF )  
\$819,000.00 )

O R D E R

Blue Grass Rural Electric Cooperative Corporation (Blue Grass), filed its application on May 21, 1980, for a certificate of convenience and necessity and for authorization to borrow the sum of one million eight hundred fifteen thousand dollars (\$1,815,000) from the United States of America Rural Electrification Administration (REA) and the sum of eight hundred nineteen thousand dollars (\$819,000) from the National Rural Utilities Cooperative Finance Corporation (CFC), and to execute its notes and mortgages as security therefor. The funds acquired by these borrowings are to be used to make system improvements and to extend service to new customers. These improvements and additions, which are estimated to cost two million five hundred ninety three thousand fifty dollars (\$2,593,050) are more specifically described in the application and record.

The matter was set for hearing on July 8, 1980, at 10:00 a.m., Eastern Daylight Time, in the offices of the Energy Regulatory Commission at Frankfort, Kentucky. The hearing was held as scheduled and all parties of interest were allowed to be heard. There were no intervenors and no protests were entered.

The Energy Regulatory Commission, after consideration of the application and all evidence of record, and being advised, is of the opinion and FINDS:

1. That the public convenience and necessity require that such construction as is proposed in the application and record be performed and that a certificate of convenience and necessity should be granted,

2. That the proposed borrowings are for a lawful object within the corporate purposes of the utility, are necessary and appropriate for and consistent with the proper performance by the utility of its service to the public, and will not impair its ability to perform that service, and are reasonably necessary and appropriate for such purposes.

IT IS THEREFORE ORDERED that Blue Grass be and it is hereby granted a certificate of public convenience and necessity to proceed with the construction as set forth in the application and record.

IT IS FURTHER ORDERED that Blue Grass be and hereby is authorized to borrow a sum in the principal amount of \$1,815,000 from REA at the rate of five percent (5%) per annum over a thirty-five (35) year period, with principal payment deferred three years.

IT IS FURTHER ORDERED that Blue Grass be and it is hereby authorized to borrow a sum in the principal amount of \$819,000 from CFC at the initial interest rate of ten percent (10%) per annum until a date in 1987 to be specified by CFC and the rate to be variable thereafter, over a period of thirty-five (35) years.

IT IS FURTHER ORDERED that Blue Grass be and it is hereby authorized to execute its notes and mortgages as security for the loans authorized herein.

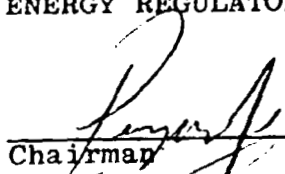
IT IS FURTHER ORDERED that the proceeds from the proposed borrowings shall be used only for the lawful objects as set out in the application and record.

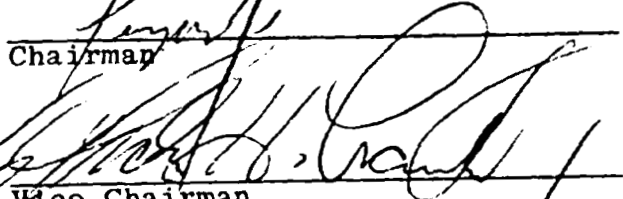
IT IS FURTHER ORDERED that Blue Grass shall submit semi-annual reports to the Commission setting forth in detail the status of the construction authorized herein as well as the status of the funds authorized for said construction.

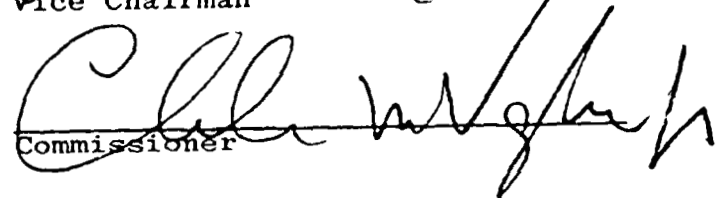
Nothing herein contained shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 25th day of August, 1980.

ENERGY REGULATORY COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Secretary